

Public Sector Jobs

Working in the public sector. Evidence from Europe and the US

Discussion by Raffaella Giordano

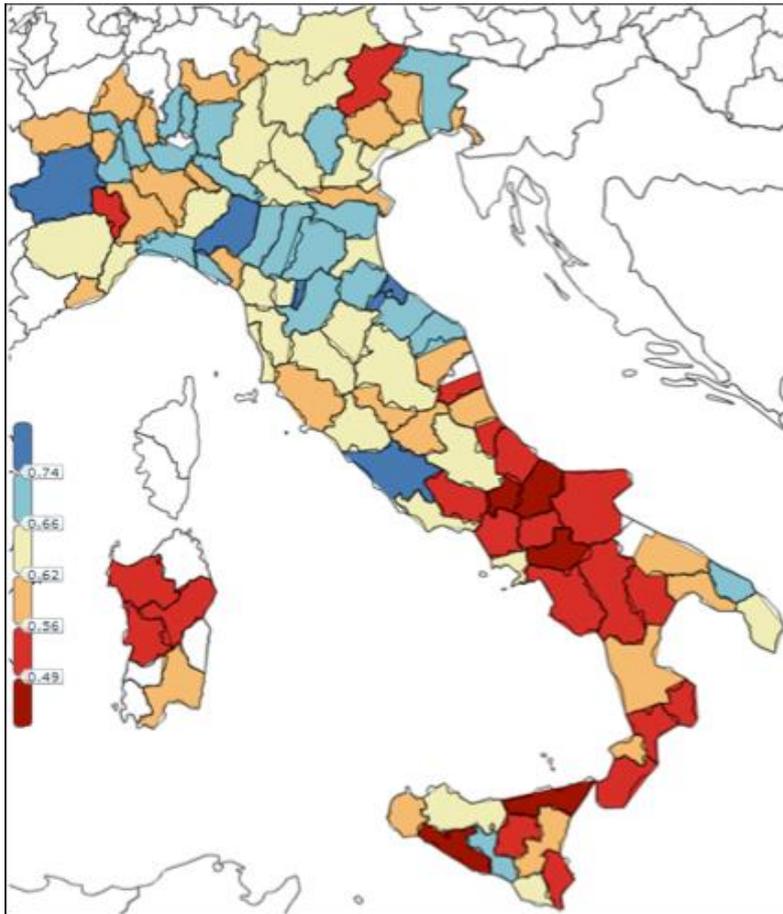
Two key takeaways

- ▶ 1) Quality of public sector is paramount, especially during emergencies - and a large body of literature has documented the importance of human resources in delivering outcomes in public services
- ▶ 2) Unfortunately, achieving high performance in public sector jobs is: a) extremely difficult, and b) evidence on what features of public jobs attract the most talented is overall mixed

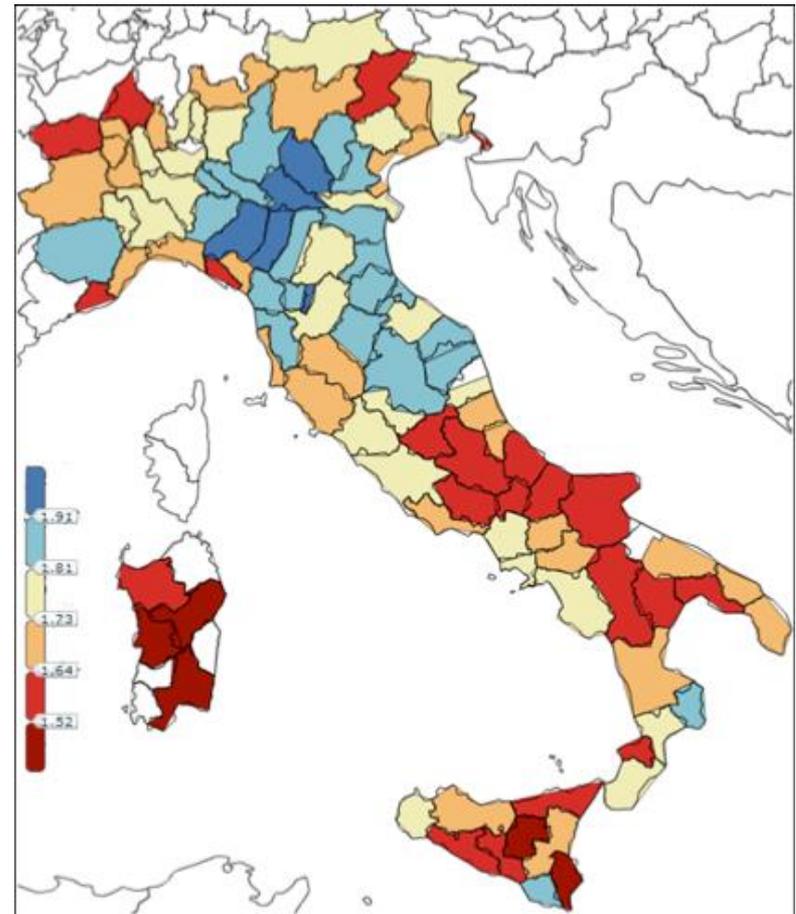


1) Quality of public sector is paramount

Public sector efficiency

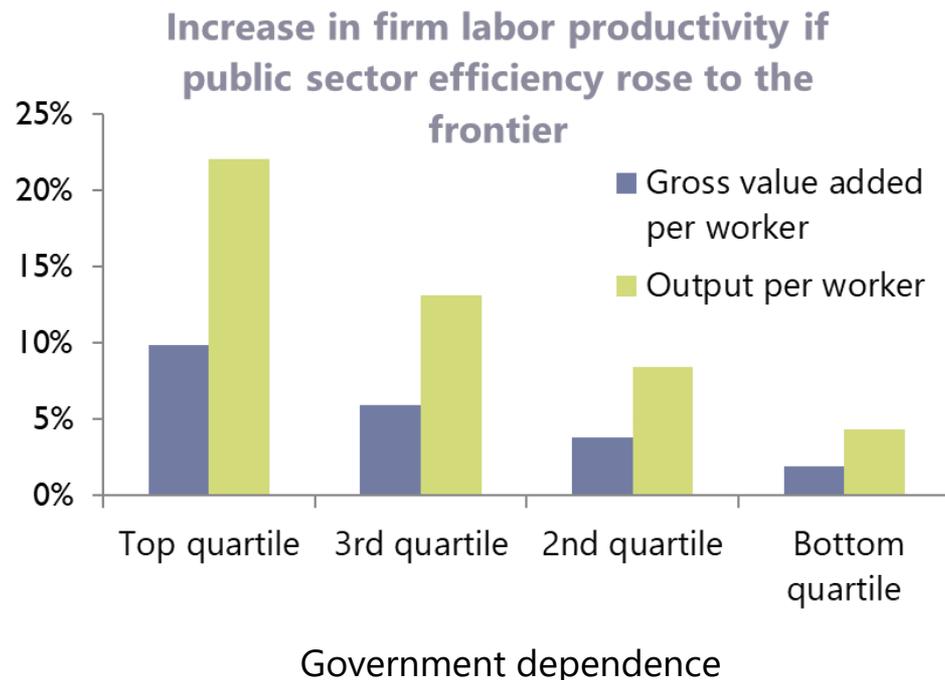


Firm productivity



Public sector efficiency significantly increases firm productivity

- ▶ For a sector above median dependence on government, being in a province with above median public efficiency is associated with 4.3% higher GVA/worker and 11.3% higher output per worker
- ▶ Significant productivity gains could be realized if public sector efficiency improved



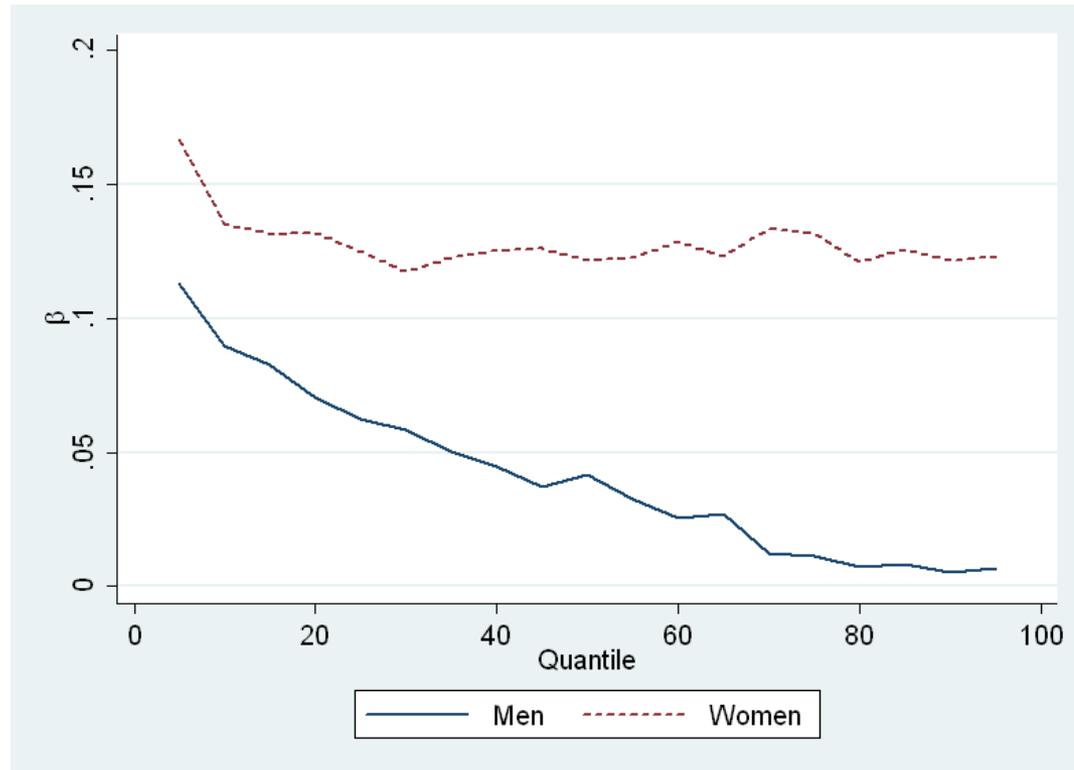
2) Evidence on what job features attract talented workers is mixed

- ▶ Is the salary system important to performance in the civil service?
- ▶ Are other features – e.g. job security, pro social values, risk aversion, etc. – important as well?
- ▶ The Report suggests that “the fact that public sector agencies tend to pay a premium to low-skilled employees, compared to the private sector, but fail to match the pay levels that highly qualified workers obtain in the private sector can have an adverse effect...”



Public-private wage differentials decrease along the wage distributions ...

Random sampling

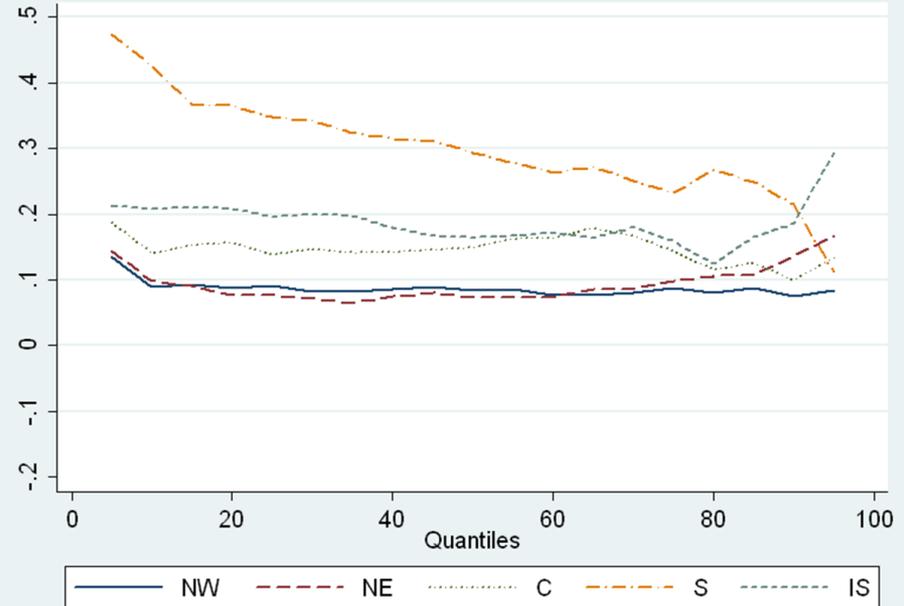
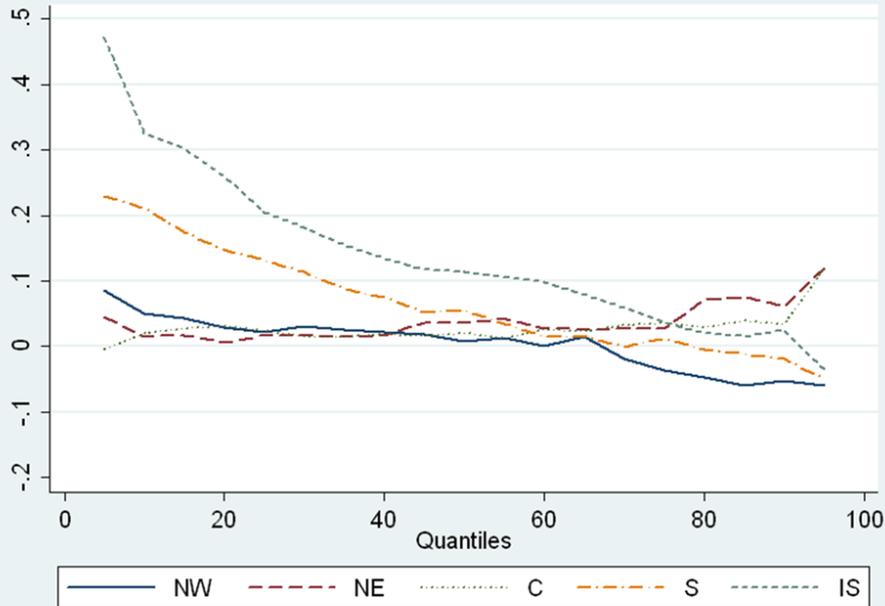


Public-private wage differentials decrease along the wage distributions ...

Random sampling

Men

Women



... but additional motivations may play an important role especially at higher wage levels

The bias from ignoring the sorting mechanism

